

August 18, 1960

Dear Doc:

Re: Documentary Film Processing
PO-660, KO-136

As discussed with you over the phone, we have done a considerable amount of film processing for Kelly. Since the first of the year, it has amounted to 29,930 feet (including both original and dupe). This does include a small amount of work for Rod which we didn't think of separating out at the time.

25X1 We handled this as an intra-company (i.e., internal burden and no profit) transaction. The net cost to date has been 25X1 [redacted] of which [redacted] was charged to PO-660 and [redacted] 25X1 to KO-136. You have been or will be billed for these costs at 25X1A the above plus [redacted] in accordance with the contract. To date we have not kept a separate record of the costs incurred by my department in handling the film - receiving, security monitoring of processing and printing, inspection, numbering, packing and shipping etc. There have been 17 transactions to date with the films varying from 200' to 3700' in length (including dupe). On the average we figure that we spend about six man hours per 25X1 1000' or about [redacted] to date.

Of course, our budgets do not include allowances for such items and it would be desirable to handle in some other fashion. However, I am not at all enthusiastic about handling a purchase order or contract from Kelly because this would publicize a connection between us. A purchase order or contract between Kelly and our company is undesirable because of security. Also I believe you would pay more this way.

One possible solution occurs to me. Have Kelly purchase the work from Bill McF. and have Bill issue us a task type Purchase Order or Contract to "do necessary work as requested". We would bill McF. and he would rebill. This idea has not been explored with anyone and I will not do so until your people indicate the course of action you wish pursued. You might also consider that Rod may have a similar problem. In his case, I think we might live with direct association with his company if desired.

25X1A These orders might also apply to work (including travel) at [redacted] prior to formalization of a Tech. Rep. contract.

ELG/MDG
cc: C.F.H.
D.K.
J.L.B.
F.G.F.

E.L.G.
E. L. G.